

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6260**

**BILL NUMBER:** SB 16

**NOTE PREPARED:** Jan 29, 2008

**BILL AMENDED:** Jan 28, 2008

**SUBJECT:** Property Tax Assessing Duties.

**FIRST AUTHOR:** Sen. Lawson C

**FIRST SPONSOR:** Rep. Welch

**BILL STATUS:** As Passed Senate

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☐ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) *Transfer of Assessing Duties:* Effective July 1, 2008, the bill transfers to the county assessor property assessment duties of township assessors in all townships in which the number of real property parcels is less than 15,000. It excepts a township with at least 10,000 real property parcels if an international airport is located in the township.

The bill establishes a procedure for the election of a township assessor in a township in which the real property parcel count grows to exceed 15,000. It also allows an elected township assessor to remain in office until the end of the assessor's term for the sole purpose of assisting the county assessor in the transition.

It transfers to the county assessor township employment positions and other resources related to property assessment. It also requires the county assessor to interview for those employment positions current township assessor employees who apply. The bill allows the county assessor to establish satellite offices in the county.

The bill provides that the procedures for filling a vacancy in the office of elected township assessor do not apply to a vacancy that occurs before July 1, 2008.

*Removal from Office of County or Township Assessor:* The bill establishes a procedure for removal from office of county assessors and township assessors who fail to perform adequately the duties of office.

*Department of Local Government Finance:* The bill requires the Department of Local Government Finance (DLGF) to adopt rules before December 31, 2008, for the establishment of a single state-designed software system to provide a uniform and common property tax management system for all counties. It directs the DLGF to prepare a request for funding of the software system in the next state biennial budget.

It also provides that the DLGF must be a party to appraisal and computer contracts.

*County Property Tax Assessment Board of Appeals:* It amends the procedure to obtain a review by the county property tax assessment board of appeals.

*County Auditor's Annual Statement:* The bill provides that the county auditor's annual statement to political subdivisions and the DLGF for counties with taxing units that cross into or intersect with other counties must include the assessed valuation as shown on the most current abstract of property.

*Certification of Appraisers:* The bill provides that each appraiser that performs assessments on behalf of a county property assessment contractor must have a Level Two assessor-appraiser certification, and requires the DLGF to consider before approving the contract the contractor's experience, training, and number of employees. The bill also provides that after June 30, 2009, an employee of the county assessor or a township assessor who performs real property assessing duties must hold a Level Two or Level Three assessor-appraiser certification.

The bill provides that a candidate for county assessor who runs in an election after January 1, 2010, must have attained the certification of a Level Three assessor-appraiser.

*Repeals:* The bill deletes an obsolete provision requiring the development of local computer requirements by the DLGF. It repeals the county land valuation commission, and it repeals other obsolete provisions.

**Effective Date:** Upon Passage; July 1, 2008.

**Explanation of State Expenditures:** (Revised) *Summary* - The bill has indeterminate fiscal impact on local government and may increase costs for the state Department of Local Government Finance. The bill does not delete or diminish any responsibilities or administrative functions currently assigned in statute to township assessors, but rather transfers them to the county assessor if a township has fewer than 15,000 property parcels. If the county assessor can perform or contract for the performance of these property tax assessing duties more efficiently than the township governments, cost savings will result. The bill could potentially increase costs for the DLGF to provide training and certification of each appraiser that performs assessments on behalf of a county or a township, to establish rules for a single state software system and to request funding of the system, to be a party to all appraisal and computer contracts, and to adjust the maximum permissible ad valorem tax levy of a county and a township to reflect the transfer of responsibilities. Many of the additional costs for DLGF are one-time costs.

*Certification of Appraisers:* Each appraiser performing assessments must attain a Level II assessor-appraiser certification, and after June 30, 2009, all employees who perform real property assessing duties must hold a Level II or Level III assessor-appraiser certification. The DLGF is to be a party to a contract and determine that contracted professional appraisers and professional appraising firms have sufficient training and experience to perform an engagement, and that firms have a sufficient number of qualified employees to perform the contract. There are no data available to indicate how many more people may require training to reach Level II or Level III assessor-appraiser certification. Under current law, only the county and township assessor need to earn this certification. To the extent that classes have excess capacity, the number of instructors will not change. The DLGF may need additional resources for class materials, to track certifications and continuing education hours completed, and to provide contract approval.

*Department of Local Government Finance:* The bill will minimally increase administrative costs for the

DLGF to adopt rules to establish a computer system that will provide uniform property tax management among the counties and to prepare a request to fund the system in the next budget cycle.

The funds and resources required for the DLGF above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Legislative Services Agency:* Legislative Services Agency will prepare legislation to organize and correct statutes affected by this act, if necessary. This function is within the current scope of agency work.

*Background* - Currently, DLGF promulgates rules concerning the employment of contract professional appraisers, and gives approval either for a contract with professional appraiser or for a local unit's decision not to employ professional appraisers as a technical advisor in a general reassessment.

Under current law, the DLGF conducts assessor-appraiser training and provides for the certification and continuing education of assessor-appraisers. A catalogue of classes is available online, and classes are given in six locations throughout the state. The DLGF reports that most classes are not filled to capacity. The DLGF tracks the number of hours of continuing education credit each assessor-appraiser earns. In statute effective January 1, 2008, township assessors elected after June 30, 2008, must complete the Level II Assessor-Appraiser certification prior to taking office. A county assessor takes the assessing responsibilities from the township assessor that do not reach that level of certification. In administrative rules, the DLGF requires Level I Assessor-Appraisers to earn 30 hours of continuing education credits during a four-year cycle and Level II Assessor-Appraisers to earn 45 hours during a four-year cycle.

As of January 7, 2008, the DLGF had four vacant positions with a combined appropriated salary of \$134,000, and in FY 2007 DLGF reverted \$308,000 to the state General Fund.

**Explanation of State Revenues:** *Class A Misdemeanor:* By including all assessing officials and representatives of the DLGF, the bill increases the pool of potential violators of provisions concerning proper assessment and assessing responsibilities, a Class A misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund (from fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class A misdemeanor is \$5,000.

*(Revised) Removal from Office of County or Township Assessor:* If the DLGF finds that work is not properly conducted, or property assessments are not being properly made by a county or a township assessor, the DLGF is to report to the township assessor, the county assessor, and the county council president, (or in a county with a consolidated city, the city-county council). The county council president is to inform the board of county commissioners or the city-county council who may adopt an ordinance that the county assessor or the township assessor, by failing to adequately perform official duties, has forfeited the office and is subject to removal from office. The county prosecutor may file an information for removal from office upon the ordinance's passage. Although the prosecuting attorney does not pay court fees, a losing party may be ordered to pay the costs of \$70 for a civil action.

**Explanation of Local Expenditures:** *(Revised) Elimination of Elected Township Assessors:* Effective July

1, 2008, the duties of township assessor transfer to the county assessor in townships with less than 15,000 real property parcels. It provides an exception for Decatur Township in Marion County and Guilford Township in Hendricks County, which each have less than 10,000 real property parcels and an international airport. Elected township assessors whose duties transfer will have as their sole duty transfer of records to the county assessor. For townships that do not have elected township assessors (generally townships with less than 8,000 population), if the assessing responsibilities of the trustee-assessor transfer to the county assessor, the trustee remains in office to execute other office responsibilities.

Any change in the number of individual appraisers needed to complete an assessment or reassessment is indeterminate and based on the situation of the individual township and county. Short-term costs may increase to organize and transfer records and tangible property between the township assessor and county assessor.

*Official Actions and Pending Actions:* Elimination of township assessors does not affect any assessment, assessment appeal, or other official action of a township assessor made prior to the expiration of the assessor's term of office. Also, the act does not affect pending actions or rights of parties with a legal claim against a township assessor.

*Class A Misdemeanor:* A Class A misdemeanor is punishable by up to one year in jail.

(Revised) *Removal from Office for a County Assessor:* Costs for removing a township or county assessor who fails to adequately perform duties of the office are indeterminate.

(Revised) *Background*- Currently, townships with a population of more than 8,000 elect a township assessor. Townships with a population between 5,000 and 8,000 may elect a township assessor if the legislative body of the township adopts a resolution indicating that a township assessor is necessary and the resolution is filed with the county election board. A township trustee in a township with less than 5,000 population serves as the township assessor. In 2000, there were 1,008 township assessors in Indiana, 827 of whom are trustee-assessors. Of the trustee-assessors, 627 did not reach the level of certification required by current statute to retain assessing duties. The assessing duties of these trustee-assessors will transfer to the county assessor as of December 31, 2007.

(Revised) In addition to Decatur Township in Marion County and Guilford Township in Hendricks County, 42 townships have more than 15,000 real property parcels and would retain the township assessor. They are located in the counties shown below:

Number of Townships With More Than 15,000 Real Property Parcels	
County	Number of Townships
Allen	2
Bartholomew	1
Clark	1
Delaware	1
Elkhart	1
Floyd	1
Hamilton	3
Hendricks	1
Howard	1
Johnson	2
Lake	6
LaPorte	1
Madison	1
Marion	8
Monroe	1
Porter	2
St. Joseph	2
Tippecanoe	1
Vanderburgh	3
Vigo	1
Warrick	1
Wayne	1

**Explanation of Local Revenues:** *Class A Misdemeanor:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, any change in revenue would likely be small.

**State Agencies Affected:**

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:**

**Fiscal Analyst:** Karen Firestone, 317-234-2106.